

Paul Collier

EXODUS

Immigration and
Multiculturalism in
the 21st Century

'A humane and sensible voice
in a highly toxic debate'

Guardian

'An important book about one
of the greatest issues of our times'

Sunday Times





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For Pauline, my rootless cosmopolitan

Prologue

He faces me as I write this: Karl Hellenschmidt. No longer the penniless young immigrant, by the time of the photograph he has a suit, an English wife, and six young children. He looks confidently into the camera, unaware that his family is about to be wrecked by the anti-immigrant racism of the First World War. Britain is soon fighting to defend civilization from the barbaric Huns. He is one of them. Civilization, in the guise of the gutter rag *John Bull*, includes Karl Hellenschmidt in its trumped-up list of enemy agents. By night a civilized mob attacks his shop. A representative of civilization tries to strangle his wife. He is interned as an enemy alien; his wife succumbs to terminal depression. Twelve-year-old Karl Hellenschmidt Jr. is pulled out of school to run the shop. And then, barely twenty years later, another war: Karl Hellenschmidt Jr. moves home and changes his name. He becomes Charles Collier.

Many of us are the descendants of immigrants. Natural sentiments of belonging can easily be tipped into the visceral cruelty of which my family was a victim. But such responses to immigrants are not universal. By chance this year I met someone whose father had been on the other side at that anti-German riot. The recognition that innocent immigrants had been wronged had descended down his family as it has down mine.

My grandfather migrated from a poverty-stricken village in Germany, Ernsbach, to what was then the most prosperous city in Europe: Bradford. That move, not just country to country but village to city, typifies modern migration from poor countries to rich ones. But once he arrived in Bradford, my grandfather's sense of youthful adventure reached its limit: he went straight to a district already so packed with other German immigrants that it was known as Little Germany. The same limits to adventure characterize today's migrants. A century on, Bradford is no longer the most prosperous city in Europe: in a reversal of fortunes it is now far less prosperous than Ernsbach. It has remained a city of arrival, and it has remained a city of tensions. Elected by immigrant votes, Britain's only member of Parliament who belongs to the Respect Party, essentially a party of Islamic extremists, is from Bradford. This time, some of the immigrants really are enemy agents: four of them committed the terrorist suicide bombings that killed fifty-seven people in London. Immigrants can be perpetrators of visceral cruelty as well as its victims.

This book is in part a continuation of my work on the poorest societies—the bottom billion. People's struggle to migrate from these countries to the rich West is both of professional and personal moment. It is a difficult but important question whether the resulting exodus is beneficial or harmful to those left behind. These are the poorest societies on earth, and yet the West's policies on immigration create effects on them that are both inadvertent and unrecognized. We should at least be aware of what, in an absence of mind, we are doing to these societies. I also see my friends torn

between their duty to remain home and their duty to make the most of opportunities.

But the book is also a critique of the prevailing opinion among liberal thinkers, a group of which I am a member, that modern Western societies should embrace a postnational future. In view of my own family circumstances, I might be expected to be an enthusiast for that new orthodoxy. At border crossings we present three different passports: I am English, Pauline is Dutch but brought up in Italy, while Daniel, born in the United States, proudly sports his American passport. My nephews are Egyptian, their mother is Irish. This book, like my previous ones, is written in France. If ever there was a postnational family, mine is surely it.

But what if everyone did that? Suppose that international migration were to become sufficiently common as to dissolve the meaning of national identity: societies really became postnational. Would this matter? I think it would matter a great deal. Lifestyles such as that of my family are dependent, and potentially parasitic, on those whose identity remains rooted, thereby providing us with the viable societies among which we choose. In the countries on which I work—the multicultural societies of Africa—the adverse consequences of weak national identity are apparent. The rare great leaders such as Julius Nyerere, the first president of Tanzania, have struggled to forge a common identity among their people. But is national identity not toxic? Does it not lead back to that anti-Hun riot? Or worse: Chancellor Angela Merkel, Europe's preeminent leader, has voiced fears that a revival of nationalism would risk a return not just to race riots but to war. I recognize that in espousing the value of national identity I must credibly allay these fears.

Even more than with my other books I am dependent upon an international array of other scholars. Some are my colleagues and partners in research; others I have never even met but can benefit from through their publications. Modern academic endeavor is organized into a vast array of specialists. Even within the economics of migration, researchers are highly specialized. For this book I needed the answers to three clusters of questions: What determines the decisions of migrants? How does migration affect those left behind? How does it affect indigenous populations in host countries? Each of these questions has distinct specialists. But I came increasingly to realize that migration is not primarily about economics: it is a social phenomenon, and as for academic specialism, this opens Pandora's box. Surmounting these different analyses was an ethical question: by what moral metric should the various effects be judged? Economists have a glib little ethical toolkit called utilitarianism. It works a treat for the typical task, which is why it has become standard. But for a question such as the ethics of migration it is woefully inadequate.

The resulting book is an attempt to generate a unified analysis of a wide array of disparate specialist research, across social science and moral philosophy. Within economics my key influences have been the writings of George Akerlof through his innovative ideas on identity, and Frédéric Docquier for his rigorous investigation of the migration process, and especially discussion with Tony Venables both on economic geography and as a sparring partner for the model that is the analytic workhorse of this book. In social psychology I have drawn on discussions with Nick Rawlings and the works of Steven Pinker, Jonathan Haidt, Daniel Kahneman, and Paul Zak. In philosophy I have learned from discussions with Simon Saunders and Chris Hookway and from the writings of Michael Sandel.

The book is an attempt to answer this question: what migration policies are appropriate? Even to pose this question requires a degree of courage: if ever there was a hornet's nest it is migration. Yet

while the topic is regularly around the top of voter concerns, with rare exceptions, the literature on it is either narrow and technical or heavily filtered by advocacy for some strongly held opinion. I have tried to write an honest book that is accessible to all: it is therefore short and the style is nontechnical. Sometimes the argument is speculative and unorthodox. Where this happens I say so. My hope at such stages is that it will both provoke and stimulate specialists to do the work that is needed to determine whether these speculations are well founded. Above all, I hope that the evidence and arguments in this book will open popular discussion of migration policy beyond views that are theatrically polarized and stridently expressed. The issue is too important to stay that way.



Part 1

THE QUESTIONS AND THE PROCESS

CHAPTER 1

The Migration Taboo

Migration of poor people to rich countries is a phenomenon overloaded with toxic associations. The persistence of mass poverty in the societies of the bottom billion is an affront to the twenty-first century. Aware of a richer life elsewhere, many young people in these societies are desperate to leave. By means legal and illegal, some of them succeed. Each individual exodus is a triumph of the human spirit, courage and ingenuity overcoming the bureaucratic barriers imposed by the fearful rich. From this emotive perspective any migration policy other than the open door is mean-spirited. Yet that same migration can also be cast as selfish: responsibilities to others in yet more desperate circumstances are being ignored, as workers abandon dependents and the enterprising desert the less able to their fate. From this emotive perspective, migration policy needs to bring back into account the effects on those left behind that migrants themselves discount. The same migration can even be cast as an act of imperialism in reverse: the revenge of the once-colonized. Migrants build colonies in host countries that divert resources from, compete with, and undermine the values of the indigenous poor. From this emotive perspective, migration policy needs to protect those who remain in place. Migration is emotive, but emotive reactions to presumed effects could drive policy in any direction.

Migration has been politicized before it has been analyzed. The movement of people from poor countries to rich ones is a simple economic process, but its effects are complex. Public policy on migration needs to come to terms with this complexity. Currently, policies toward migration vary enormously, both in countries of origin and host countries. Some governments of countries of origin actively promote emigration and have official programs maintaining connections with their diaspora whereas others restrict exits and regard their diasporas as opponents. Host countries vary enormously in the overall rate of immigration they permit, from Japan, which has become one of the richest societies on earth while remaining completely closed to immigrants, to Dubai, which has also become one of the richest societies on earth by means of immigration so rapid that its resident population is now 95 percent nonindigenous. They vary in how selective they are in the composition of migration, with Australia and Canada being much more educationally demanding than America, which is in turn more demanding than Europe. They vary in the rights of migrants once in the country, from granting them legal equality with the indigenous, including the right to bring in relatives, to being contract workers, subject to repatriation and without any of the rights of citizens. They vary in the obligations of migrants, from being directed to live in particular locations and required to learn the local language, to being free to congregate in own-language clusters. They vary in whether assimilation should be encouraged or cultural differences preserved. I can think of no other area of public policy

where differences are so pronounced. Does this diversity of policy reflect sophisticated responses to differences in circumstances? I doubt it. Rather, I suspect that the vagaries of making policy on migration reflect a toxic context of high emotion and little knowledge.

Migration policy has been fought over using competing values rather than competing evidence. Values can determine analysis in both a good sense and a bad sense. The good sense is that until we have resolved our values, it is not possible to make normative assessments, whether concerning migration or anything else. But ethics also determines analysis in a bad sense. In a revealing new study, the moral psychologist Jonathan Haidt demonstrates that although people's moral values differ they tend to cluster into two groups.¹ Devastatingly, he shows that depending upon the cluster of values to which people belong their moral judgment on particular issues shapes their reasoning, rather than the other way round. Reasons purport to justify and explain judgments. But in fact, we grasp at reasons and pull them into service to legitimize judgments that we have already made on the basis of our moral tastes. On no significant issue is all the evidence exclusively lined up on only one side of the argument: it certainly isn't on migration. Our ethics determine the reasoning and evidence that we are prepared to accept. We give credence to the flimsiest of straws in the wind that are aligned with our values, while dismissing opposing evidence with a torrent of contempt and vitriol. Ethical tastes on migration are polarized, and each camp will entertain only those arguments and facts that support its prejudices. Haidt demonstrates that these crude biases apply on many issues, but for migration these tendencies are compounded. In the liberal circles that on most policy issues provide the most informed discussion, migration has been a taboo subject. The only permissible opinion has been to bemoan popular antipathy to it. Very recently, economists have gained a better understanding of the structure of taboos. Their purpose is to protect a sense of identity by shielding people from evidence that might challenge it.² Taboos save you from the need to cover your ears by constraining what is said.

Whereas disputes about evidence can in principle be resolved by one party being forced to accept that it is mistaken, disagreements about values may be irresolvable. Once recognized as such, differences in values can at least be respected. I am not a vegetarian, but I do not regard vegetarians as deluded morons, nor do I try to force-feed my vegetarian guests with foie gras. My more ambitious aim is to induce people to reexamine the inferences they draw from their values. As Daniel Kahneman has explained in *Thinking Fast, Thinking Slow*, we tend to be reluctant to undertake the effortful thinking that uses evidence properly. We prefer to rely upon snap judgments, often based on our values. Most of the time such judgments are remarkably good approximations to the truth, but we over-rely upon them. This book is meant to move you beyond your snap value-based judgments.

Like everyone else, I came to the subject of migration with value-based prior opinions. But in writing it I have tried to suspend them. From my discussions, migration is a subject on which almost everyone seems to have strong views. People can usually support their views with a smattering of analysis. But I suspect that, consistent with the research of Jonathan Haidt, in large part these views are derived from prior moral tastes rather than from superior command of the evidence. Evidence-based analysis is the strong suit of economics. Like many policy issues, migration has economic causes and economic consequences, and so economics is at the forefront of assessing policy. Our toolkit enables us to get better technical answers to causes and consequences than can be achieved

simply by common sense. But some of the effects of migration that most concern ordinary people are social. These can be incorporated into an economic analysis, and I attempt to do so. But more commonly economists have been glibly dismissive of them.

The political elites who actually set policy are caught in the crossfire between the value-laden concerns of voters and the lopsided models of economists. The result is confusion. Policies not only vary between countries, they oscillate between the open door favored by economists and the closed door favored by electorates. For example, in Britain the door was opened in the 1950s, partially closed in 1968, flung open again in 1997, and is now being closed again. They also migrate between political parties: of these four policy changes, the Labour Party and the Conservative Party are each responsible for one door-opening and one door-closing. Often politicians talk tough and act soft, and more rarely the opposite. Indeed, sometimes they appear to be embarrassed by the preferences of their citizens. The Swiss are unusual in that ordinary people have the power to force referenda on their government. One of the issues on which people used this power was, inevitably, migration. The vehicle for popular concern was a referendum on rules for mosque building. It revealed that a substantial majority of the population opposed mosque building. The Swiss government was so embarrassed about these views that it promptly tried to have the result declared illegal.

Moral positions on migration are confusingly bound up with those on poverty, nationalism, and racism. Current perceptions of the rights of migrants are shaped by guilty reactions to different past wrongs. It is only possible to have a rational discussion of migration policy once these concerns have been disentangled.

There is a clear moral obligation to help very poor people who live in other countries, and allowing some of them to move to rich societies is one way of helping. Yet the obligation to help the poor cannot imply a generalized obligation to permit free movement of people across borders. Indeed, the people who believe that poor people should be free to move to rich countries would likely be the first to oppose the right of rich people to move to poor countries: that has uncomfortable echoes of colonialism. Arguing that because people are poor they have a right of migration confuses two issues that are better kept distinct: the obligation of the rich to help the poor, and the rights of freedom of movement between countries. We don't need to assert the latter to endorse the former. There are many ways of fulfilling our obligation to help the poor: if a society decides not to open its doors to migrants from poor countries, it might opt for more generous treatment of poor societies in other domains of policy. For example, the government of Norway imposes relatively tight restrictions on immigration, but it adopts an aid program that is correspondingly generous.

While the moral obligation to help the global poor sometimes spills over to views on the right to migrate, a more potent spillover is revulsion against nationalism. While nationalism does not necessarily imply restrictions on immigration, it is clearly the case that without a sense of nationalism there would be no basis for restrictions. If the people living in a territory do not share any greater sense of common identity with each other than with foreigners, then it would be bizarre collectively to agree to limit the entry of foreigners: there would be no "us" and "them." So without nationalism it is difficult to make an ethical case for immigration restrictions.

Unsurprisingly, revulsion against nationalism is strongest in Europe: nationalism repeatedly led to war. The European Union has been a noble attempt to put this legacy behind us. A natural extension of

revulsion against nationalism is revulsion against borders: a defining achievement of the European Union is the free movement of European people anywhere within the Union. For some Europeans national identity is now passé: one of my young relatives will not admit to a geographic identity beyond that of Londoner. If national identity is best discarded, then there seems little ethical justification for preventing the entry of migrants: why not let anyone live anywhere?

The acceptability of national identity varies enormously. In France, America, China, and Scandinavia national identity remains strong and politically neutral, while in Germany and Britain it has been captured by the extreme political Right and is consequently taboo. In the many societies that have never had a strong national identity, its absence is usually a matter of regret and concern. In Canada, Michael Ignatief recently ignited a storm by admitting that the long attempt to forge a translinguistic sense of common identity between the Quebecois and anglophone Canadians had failed.³ In Africa, the weakness of national identity relative to tribal identities is widely regarded as a curse that it is the task of good leadership to rectify. In Belgium, which currently holds the world record for the longest period without a government—because the Flemish and Walloons could not agree on one—there has not even been an attempt to forge a common identity. One of Belgium's ambassadors is a friend of mine, and over dinner the issue of his own identity arose. He cheerfully denied any sense of feeling Belgian, but not because he felt either Flemish or Walloon. Rather, he regarded himself as a citizen of the world. Pressed on where he felt most at home, he chose a village in France. I cannot imagine a French ambassador volunteering an equivalent sentiment. Both Canada and Belgium manage to sustain high incomes despite their weak national identities, but their solution has been complete spatial segregation between the different language groups, combined with radical decentralization of political authority to these subnational territories. For practical purposes of public service delivery, Canada and Belgium are four states with cohesive identity, not two states without it. In Britain the acceptability of national identity is confused because of the relatively recent multinational composition of Britain from its component parts: nobody in Britain, except for some immigrants, thinks of themselves as primarily British. In Scotland national identity is openly promoted as part of mainstream culture, whereas English nationalism is subversive: there are far fewer officially flown English flags than Scottish flags.

Nationalism has its uses. Its potential for abuse cannot be forgotten, but a sense of shared identity turns out to enhance the ability to cooperate. People need to be able to cooperate at various different levels, some below the level of the nation and some above it. A shared sense of national identity is not the only solution to achieving cooperation, but nations continue to be particularly salient. This is evident from taxation and public spending: although both functions occur at many levels of government, overwhelmingly the most important is national. So if a shared sense of national identity enhances the ability of people to cooperate at that level, it is doing something truly important.

A shared sense of identity also predisposes people to accept redistribution from rich to poor and to share natural wealth. So the revulsion against national identity is liable to be costly: leading to a reduced ability to cooperate and a less equal society. But despite these benefits, it may nevertheless be necessary to forsake national identity. If nationalism inexorably leads to aggression, then the costs of abandoning it must surely be accepted. Since the decline in European nationalism, Europe has enjoyed a prolonged and unprecedented period of peace. This association has led politicians such as Chancell

Angela Merkel to promote the symbols of European unity, notably the euro, as a defense against the return to war. But the inference that the decline in nationalism has caused the decline in violence gets causality wrong: the revulsion against violence has caused a decline in nationalism. More important, the revulsion against violence has radically reduced the risk of violence. Attitudes to violence have changed so profoundly that European warfare is now unthinkable.

I will suggest that it is no longer necessary to discard national identity in order to guard against the evils of nationalism. If a shared national identity is useful, then it can safely coexist with a nation at peace. Indeed, the Nordic countries surely bear this out. Each society is unashamedly patriotic, extending to rivalry with its neighbors. The region has a history of warfare: Sweden and Denmark have both had long periods of belligerence at the expense of Finland and Norway, respectively. But continued peace is now beyond question. Nor is that peace underpinned by Europe's formal institutions for cooperation. Indeed, those formal institutions have inadvertently divided rather than united the Nordic countries. Norway is not in the European Community, though the other three countries are. But of these three only Finland is in the eurozone. So Europe's institutions of unity split these four countries into three distinct blocs. The Nordic countries have achieved among the highest living standards on earth: not just high private incomes, but social equity and well-functioning public services. The contribution of patriotism and a sense of common identity cannot be quantified, but is surely there.

While the responsibility to the poor and fear of nationalism may both have contributed to confusion over whether societies should have the right to restrict immigration, by far the most potent spillover support for freedom of movement between countries as a natural right comes from opposition to racism. Given the histories of racism in both Europe and America it is both unsurprising and fully warranted that opposition to racism is so impassioned. Most migrants from poor countries are racially distinct from the indigenous populations of rich host countries, and so opposition to immigration skates precariously close to racism. In Britain, one high-profile anti-immigrant speech in the 1960s clearly crossed this line: opposing the immigration of people of African and South Asian origin in lurid terms of impending interethnic violence. That foolish speech by a long-dead minor politician, Enoch Powell, closed down British discussion of migration policy for over forty years: opposition to immigration became so indelibly linked to racism that it could not be voiced in mainstream discourse. Powell's manifestly ridiculous prediction of "rivers of blood" not only closed down discussion, it came to define liberal fears: the great lurking danger was supposedly the potential for interracial violence between immigrants and the indigenous. Nothing that could conceivably awaken this dormant dragon was permissible.

The taboo only became breakable in 2010 as a result of mass immigration from Poland. British immigration policy toward the Poles had been distinctive in its liberality. When Poland joined the European Community, transition arrangements gave member countries the right to restrict Polish immigration until the Polish economy had itself adjusted. All major countries except Britain duly imposed entry restrictions. That the British government decided not to do so may have been influenced by a forecast made by the British civil service in 2003 that very few east Europeans—no more than 13,000 a year—would want to migrate to Britain. This forecast turned out to be spectacularly wrong. Actual immigration to Britain from eastern Europe in the following five years

was around one million.⁴ Immigration on this scale, though warmly welcomed by households such as my own who found the influx of skilled, hardworking artisans very useful, was also widely resented, often by indigenous workers who felt threatened. While both the welcome and the opposition were manifestly self-serving, neither could reasonably be seen as racist: Poles happened to be white and Christian. A decisive and indeed comic moment in the 2010 election was when the prime minister, Gordon Brown, was recorded by a forgotten microphone following a staged talk with an ordinary citizen selected by his staff. Unfortunately, the citizen had chosen to complain about the recent wave of immigration. Brown was recorded berating his staff about their choice, denouncing the woman as “a bigot.” The spectacle of a prime minister so manifestly out of touch with concerns widely perceived to be legitimate contributed to Brown’s resounding defeat. The new leadership of the Labour Party has apologized, stating that the previous open-door policy was wrong. At last it may have become possible in Britain to discuss immigration without connotations of racism.

But it may not. Since race is correlated with other characteristics such as poverty, religion, and culture, it remains possible that any limitation on migration based on these criteria is viewed as the Trojan horse for racism. If so, then it is still not possible to have an open debate on migration. I only decided to write this book once I judged that it is indeed now possible to distinguish between the concepts of race, poverty, and culture. Racialism is a belief in genetic differences between races: one for which there is no evidence. Poverty is about income, not genetics: the persistence of mass poverty alongside the technology that can make ordinary people prosperous is the great scandal and challenge of our age. Cultures are not genetically inherited; they are fluid clusters of norms and habits that have important material consequences. A refusal to countenance racially based differences in behavior is a manifestation of human decency. A refusal to countenance culturally based differences in behavior would be a manifestation of blinkered denial of the obvious.

While relying on the legitimacy of these distinctions, I am acutely conscious that my judgment may be wrong. The issue matters because, as will become apparent, much of consequence for migration policy turns on income and cultural differences. If this is assumed to be code for racism, then it is best that debate not be attempted, at least in Britain: we may still not be free of the long shadow of Enoch Powell. So my working assumption is that the right to live anywhere is not a logical corollary of opposition to racism. There may be such a right, and I will turn to it, but it does not follow simply from the legitimate concerns about poverty, nationalism, and racism.

Think of three groups of people: the migrants themselves, the people left behind in the country of origin, and the indigenous population of the host country. We need theories and evidence as to what happens to each of these groups. The first of these perspectives, that of migrants, I leave until last because it is the most straightforward. Migrants face costs of overcoming the barriers to movement that are substantial, but they reap economic benefits that are much larger than these costs. Migrants capture the lion’s share of the economic gains from migration. Some intriguing new evidence suggests that these large economic gains are partly, or perhaps substantially, offset by psychological losses. However, although this new evidence is striking, there are as yet too few reliable studies to judge the overall importance of the effects it identifies.

The second perspective—that of the people left behind in impoverished countries of origin—was my original motivation in writing this book. These are the poorest societies on earth, which over the

past half-century have fallen behind the prospering majority. Does emigration drain these societies of the abilities of which they are already desperately scarce, or does it provide a lifeline of support and catalyst for change? If the benchmark for the effects of migration on those left behind is the completely closed door, then they are much better off as a result of migration. The same could be said of the other economic interactions between the poorest societies and the rest of the world: trade is better than no trade, and the movement of capital is better than complete financial immobility. But the benchmark of autarchy for the poorest societies is an undemanding and irrelevant hurdle: no serious policy analyst proposes it. The pertinent benchmark, as with trade and capital flows, is the status quo relative not to autarchy, but to either faster or slower emigration. I show that in the absence of controls, emigration from the poorest countries would accelerate: they would face an exodus. But migration policies are set not in poor countries but in rich ones. In determining the rate of immigration into their own societies, the governments of rich countries also inadvertently set the rate of emigration experienced by the poorest societies. While recognizing that current migration is better for these societies than no migration, is the current rate ideal? Would poor countries gain more were migration somewhat faster or somewhat slower than at present? Posed in such a way the question was until recently unanswerable. But new and highly rigorous research suggests that for many of the bottom billion, current emigration rates are likely to be excessive. A decade ago an analogous academic effort laid the groundwork for a policy rethink on capital flows. There are long lags between research and policy change, but in November 2012 the International Monetary Fund announced that it would no longer regard the open door for capital flows to be necessarily the best policy for poor countries. Each of these nuanced assessments will outrage the fundamentalists who derive their policy preferences from their moral priors.

The final perspective, of the indigenous population in host societies, is what is likely to be of direct interest to most readers of this book, and so I start with it. How does the magnitude and pace of immigration affect social interaction, both between the indigenous and immigrants, and among the indigenous themselves? What are the economic effects on different skill and age cohorts among the indigenous? How do the consequences change over time? The same benchmark issue arises for the indigenous population of host countries as for those left behind in countries of origin. The pertinent benchmark is not zero migration but somewhat more than current levels or somewhat less. The answer is evidently country-specific: an underpopulated country like Australia may not arrive at the same answer as a densely populated country like the Netherlands. In trying to answer this question I will argue that social effects are usually likely to trump economic effects, in part because the economic effects are usually modest. For the neediest sections among the indigenous population the net effects of migration are often probably negative.

The long march through these three different perspectives will provide the building blocks for an overall evaluation of migration. But to move from description to evaluation we need both an analytic and an ethical framework. In the typical work of advocacy on migration both the analytics and the ethics trivialize the problem because all the important effects appear to work in the same direction, with opposing effects being dismissed as “controversial,” “minor,” or “short term.” But any honest analysis must recognize that there are both winners and losers, and that even determining the overall effect on a particular group can be ambiguous, depending on how gains are measured against losses.

some people win while others lose, whose interest should prevail? Much economic analysis of migration comes to a clear and powerful answer: the winners gain much more than the losers lose, so hard luck on the losers. Even with the simple metric of monetary income, the gains far outweigh the losses. But economists usually move on from money to the more sophisticated concept of “utility,” and by this metric the overall gains from migration are even larger. For many economists that answer settles the matter: migration policy should be set so as to maximize global utility.

In part 5 I challenge this conclusion. I argue that rights should not be dissolved by the sleight of hand involved in “global utility.” Nations are important and legitimate moral units: indeed, the fruits of successful nationhood are what attract migrants. The very existence of nations confers rights on their citizens, most especially on the indigenous poor. Their interests cannot lightly be dismissed through the invocation of gains in global utility. The people left behind in countries of origin are in a yet more vulnerable position than the indigenous poor of host countries. They are both more needy and far more numerous than migrants themselves. But unlike the indigenous poor of host countries, they have no prospect of rights over migration policies: their own governments cannot control the rate of emigration.

Migration policies are set not by the governments of countries of origin but by those of host countries. In any democratic society, the government must reflect the interests of the majority of its citizens, but both the indigenous poor and those living in the poorest societies are of legitimate concern to citizens. Hence, in setting migration policy, host governments will need to balance the interests of the indigenous poor against the interests of migrants and of those left behind in poor countries.

A rabid collection of xenophobes and racists who are hostile to immigrants lose no opportunity to argue that migration is bad for indigenous populations. Understandably, this has triggered a reaction: desperate not to give succor to these groups, social scientists have strained every muscle to show that migration is good for everyone. Inadvertently, this has allowed the underlying question to be set by the xenophobes: “Is migration bad or good?” The central message of this book is that this is the wrong question. Asking this question of migration is about as sensible as it would be to ask, “Is eating bad or good?” In both cases the pertinent question is not bad or good but how much is best. Some migration is almost certainly better than no migration. But just as eating too much can lead to obesity, so migration can be excessive. I show that, left to itself, migration will keep accelerating, so that it is liable to become excessive. This is why migration controls, far from being an embarrassing vestige of nationalism and racism, are going to be increasingly important tools of social policy in all high-income societies. What is embarrassing is not their existence but their inept design. In turn this reflects the taboo that has blocked serious discussion.

This book is an attempt to break that taboo. I am all too aware that, as with all attempts to break taboos, it carries risks. The fundamentalist guardians of orthodoxies stand ready with their fatwas. It is time to get started, and the starting point is to understand why migration accelerates.

CHAPTER 2

Why Migration Accelerates

For half a century following the outbreak of the First World War countries closed their borders. Wars and the Depression made migration practically difficult and immigrants unwelcome. By the 1960s people overwhelmingly lived in the country in which they had been born. But during that half-century of immobility, there had been a dramatic change in the global economy: a gulf had opened up between the incomes of countries.

Within a society the distribution of income is hump-shaped: most people are somewhere in the middle, with two tails, one being the rich minority, the other the poor minority. The fundamental statistical reason that the distribution of income usually looks like this is chance: the process of generating income depends upon repeated situations in which people can be lucky or unlucky. A cumulative process of good and bad fortune generates hump-shaped outcomes. If the luck cumulates multiplicatively, as with a rolling bet on horse races, then the tail for the rich minority becomes extended: a few people get very rich indeed. So powerful and universal are these multiplicative forces of income generation that the distribution of income in every country on earth conforms to it.

But by the 1960s the distribution of income *between* countries did not look anything like that. Instead of having a hump in the middle, it had a hump at each end. In technical language it was bimodal; more popularly expressed, there was a rich world and a poor world. The rich world was becoming richer at rates without historical precedent. For example, between 1945 and 1975 French per capita income tripled: the French refer to the period as “the Golden Thirty Years.” Economists built Growth Theory to try to understand what was driving this new phenomenon. But the poor world had missed out on growth and was continuing to do so. Economists built Development Economics to understand why such a divide had occurred and why it was persisting.

FOUR PILLARS OF PROSPERITY

In discussing migration policy, much hinges on why some countries are so much richer than others, and so I will now offer a succinct account of how both professional opinion and my own thinking on the issue have evolved. When development economics was in its infancy, the standard explanation for the astounding gap in income was the difference in the endowment of capital. Workers in high-income countries were more productive because they had so much more capital with which to work. This explanation has not been completely abandoned, but one fundamental change that economics has had to come to terms with is that capital has become internationally mobile: there are huge flows between countries. Yet capital is not flowing in significant quantities to the poorest countries. Poor countries

still have very little capital, but this can no longer be seen as the primary cause of their poverty; something else must jointly account for both their lack of capital and their poverty. Poor choices in economic policy, dysfunctional ideologies, bad geography, negative attitudes about work, the legacy of colonialism, and a lack of education have all been proposed and investigated as explanations. Most have some reasonable basis for support, but none seems likely to be the ultimate explanation: for example, policy choices do not just happen; they are the result of some political process.

Increasingly, economists and political scientists have coalesced around explanations that focus on how the polity is organized: how political interest groups shape long-lasting institutions that thereafter affect choices.¹ One influential line of argument is that the key initial conditions for prosperity are those in which it is in the interest of political elites to build a tax system: historically in Europe they needed revenues to finance military spending. In turn, a tax system gives a government an interest in enlarging the economy, and so induces it to build the rule of law. The rule of law induces people to invest, confident that productive assets will not be expropriated. Investment drives growth. Onto this secure base for investment, a further layer of institutions addresses the distribution of income. Protests from the many excluded forces the rich to commit to inclusive political institutions: we arrive at property-owning democracy.

A related line of argument is that the key institutional change is the shift in political power from predatory elites bent on extracting revenues from the productive population to more inclusive institutions that protect the interests of the productive. In an important new study, Daron Acemoglu and James Robinson argue that the English Glorious Revolution of 1688, in which power shifted from king to Parliament, was the first such decisive event in world economic history, unleashing the Industrial Revolution and opening the path to global prosperity.

This line of reasoning has given primacy to political and economic institutions. One indication that democratic institutions matter is that a change of leader only makes a significant difference to economic performance if these institutions are weak. Good institutions restrain the vagaries that would otherwise be generated by the character of individual leaders.² So formal political and economic institutions matter: high-income countries have better political and economic institutions than low-income countries.

But democratic political institutions only function well if ordinary citizens are sufficiently well informed to discipline politicians. Many issues are complex, as is migration policy itself. Keynes insightfully proposed that ordinary people handle complexity through narratives: readily digestible theories-in-miniature.³ Narratives spread easily, becoming public goods, but they can stray quite a long way from reality. Narratives of disease are an example. The switch from the narrative that illness is due to witchcraft to one that encapsulates germ theory is fundamental to improvements in public health. It occurred in Europe in the late nineteenth century. In Haiti it is still under way: even in the wake of the earthquake, people were wary of hospitals. Depending on their content, narratives can support, complement, or undermine institutions. The narrative “Germans no longer tolerate inflation” underpinned the deutsche mark. But no equivalent narrative has been built across Europe for the euro. Like the deutsche mark, it has an institutional defense consisting of two fiscal rules; but since its launch in 2001, sixteen of the seventeen member countries, including Germany, have broken them. The euro is a brave, and perhaps foolhardy, attempt to force the differing economic narratives that

have prevailed across Europe to adapt to a common new institution. But such adaptation is slow and uncertain. Even by 2012, and despite an unemployment rate of 27 percent, Spanish inflation remained higher than that in Germany, and cumulatively the prolonged higher inflation had drastically undermined the country's competitiveness. Narratives can evolve, but they matter.

Whereas Europe provides an example of differing economic narratives, the contrast between America and South Sudan illustrates differing political narratives. President Clinton famously won an election campaign on the slogan "It's the economy, stupid!" A society in which this sentiment resonates is going to use a given set of political institutions quite differently than one in which the narrative is "The Dinka have been wronged by the Nuer."⁴ Similarly, a society that thinks "foreign investment means jobs" is going to run a National Investment Authority rather differently than one that thinks "foreign investment means exploitation." False narratives eventually fade, but they may take a long time a-dying. So one reason for the wide gap in incomes may be that institutions are supported in high-income societies by narratives that are more functional than those prevailing in low-income societies.

But many of the rules that govern economic behavior are informal, so the analysis can be extended beyond institutions and narratives to social norms. Two key norms concern violence and cooperation. In a violent society the rule of law keeps getting overridden: households and firms must divert effort into safety, and in the limit they seek safety through choosing to remain poor so they are less of a target.⁵ The capacity to cooperate is fundamental to prosperity: many goods and services are "public goods" that are most efficiently supplied collectively. So the social foundations of peace and cooperation matter for growth and are not direct corollaries of formal institutions. Steven Pinker has convincingly suggested that norms concerning violence have evolved quite radically in distinct steps over many centuries.⁶ An early step is the passage from anarchy to centralized power: a passage that Somalia has yet to make. Another is the passage from power to authority: a step that many regimes have yet to manage. A more recent step has been the enhanced ability to empathize with the suffering of others and the demise of codes of clan and family honor, making the infliction of violence less acceptable.

The foundations of cooperation have been extensively studied through game-based experiments and are now quite well understood. Sustained cooperation depends upon trust. The extent to which people are willing to trust each other varies enormously between societies. High-trust societies are better able to cooperate and also face lower costs of transactions because they are less dependent upon processes of formal enforcement. So social norms matter, as well as formal institutions. The norms prevalent in high-income societies support much lower levels of interpersonal violence, and higher levels of trust than those prevalent in low-income societies.

In turn, institutions, narratives, and norms facilitate the emergence of effective organizations that enable their workforce to be productive. Typically, high productivity depends upon reconciling large size with worker motivation. Economists have long realized that big is productive: large organizations are able to reap economies of scale. But only recently have they developed a convincing analysis of motivation. Incentives are evidently part of the story, but the work of Nobel laureate George Akerlof and Rachel Kranton has opened up a new appreciation of how successful organizations motivate through identity. An effective firm persuades its workers to adopt identities that are conducive to

productivity.⁷ Akerlof's central idea comes through posing the question "What makes a good plumber?" He argues that the essential step is neither technical training nor incentive pay, but whether the plumber has made the leap of identity: "I am a good plumber." For a plumber who has made this leap, doing anything less than a good job would be inconsistent with his sense of identity. In the private sector, competition forces organizations to make their workers productive. Akerlof and Kranton show that successful firms indeed devote time and effort to persuade their workers to internalize the objectives of the firm: to become "insiders." In the public sector, political accountability forces organizations to do the same. The higher the proportion who become insiders, the more productive is the workforce, so that everyone is better off.

One reason poor countries are poor is that they are short of effective organizations: many are too small to reap scale economies, and many, especially among the public organizations, fail to motivate their workers. For example, teachers in many poor countries typically do not show up for work and have not maintained essential skills such as functional literacy. The consequence for educational standards is disastrous, as revealed by international test scores.⁸ Such teachers have evidently not made the crucial leap of identity: "I am a good teacher," and this is, in part, a failure of the organizations that employ them.

I will refer to the combination of institutions, rules, norms, and organizations of a country as its *social model*. Even among high-income countries social models differ considerably. America has particularly strong institutions and private organizations, but somewhat weaker public organizations than Europe, and Japan has much stronger norms of trust than either of them. But though they differ in detail, all high-income societies have social models that function remarkably well. Quite possibly, different combinations work well because the components adapt so as to fit each other: for example, institutions and norms may gradually evolve so as to be well suited given the state of narratives and organizations. But such adaptation is not automatic. On the contrary, hundreds of different societies existed for thousands of years before any of them happened upon a social model capable of supporting the ascent to prosperity. Even the Glorious Revolution was not undertaken with the objective of unleashing prosperity: it was triggered by a mixture of religious prejudice and political opportunism. The English social model that emerged in the eighteenth century was replicated and improved in America. This in turn influenced social revolution in France, which exported its new institutions by force of arms across western Europe. The key point I wish to convey is that the present prosperity enjoyed in the Western world, and which is belatedly spreading more widely, is not the outcome of some inevitable march of progress. For thousands of years until the twentieth century ordinary people were poor, everywhere. A high living standard was the privilege of extractive elites rather than the normal reward for productive work. Had it not been for a fortuitous combination of circumstances that relatively recently produced a social model conducive to growth, this dreary state of affairs would most likely have continued. In poor countries it continues still.

If the prosperity of the high-income world rests on this platform, it has crucial implications for migration. Migrants are essentially escaping from countries with dysfunctional social models. It may be well to reread that last sentence and ponder its implications. For example, it might make you a little more wary of the well-intentioned mantra of the need to have "respect for other cultures." The cultures—or norms and narratives—of poor societies, along with their institutions and organizations,

stand suspected of being the primary cause of their poverty. Of course, on criteria other than whether they are conducive to prosperity these cultures may be the equal of, or superior to, the social models of high-income societies. They may be preferable in terms of dignity, humanity, artistic creativity, humor, honor, and virtue. But migrants themselves are voting with their feet in favor of the high-income social model. Recognizing that poor societies are economically dysfunctional is not a license for condescension toward their people: people can as readily earn the right to respect while struggling against a hostile environment as while succeeding in a benign one. But it should put us on our guard against the lazier assertions of multiculturalism: if a decent living standard is something to be valued then on this criterion not all cultures are equal.

Workers who migrate from poor countries to rich ones are switching social models. As a result the productivity rockets upward. It is possible to get the same productivity gain if functional social models spread to the low-productivity societies, instead of transferring their people to the high-productivity societies. Ideas are ultimately decisive, and they can flow through many channels. Societies do indeed pick up ideas and thereby transform themselves: in my lifetime I have seen several such episodes. Within western Europe in the 1970s Spain, Greece, and Portugal cast off dictatorships and embraced democracy. In 1989 the Soviet empire cast off communism, a transformation that reverberated around other regions as military regimes in Latin America and Africa were toppled. A remarkable wave of transformation is right before our eyes: the Arab Spring, which has transformed Tunisia, Egypt, Libya, and, as I write, shortly Syria. These transformations each demonstrate the potency of the idea of democratic institutions. At the onset of the Cold War the Soviet leader, Stalin, reportedly posed the rhetorical question, "How many divisions has the pope?" His implication that Soviet power trumped religious belief has since been revealed as precisely wrong: ideas beat guns. The question that should have been troubling him was, "Is the communist social model viable?" The transfer of ideas is enabling the rapid convergence of many once-poor countries with high-wage economies. This will reduce the need for migration and may reverse it. But there is no simple institutional blueprint that just needs to be copied. Institutions, narratives, norms, and organizations do not need to look the same everywhere, but they do need to cohere.

The movement of goods can also be a substitute for the movement of people. Indeed, an initial impetus to the migration of workers to high-wage countries was the need to get around the trade restrictions that rich countries imposed on imports from poor countries. In Britain the major clusters of Asian migrants in Bradford and Leicester were initially recruited to shore up the textile factories based there. The factories were no longer able to attract British workers because of rising wages in the rest of the economy. It would have been more efficient to relocate the textile factories to Asia, as indeed happened a decade or so later. But British trade barriers on the import of textiles closed off that option. As a result, the trade protection that temporarily preserved the factories bequeathed a permanent legacy of clusters of Asian immigration. Restricting the movement of goods, as Britain did thereby inducing an offsetting movement of people, offers no overall economic gains. But it does generate a range of social costs. It is often asserted that increasing migration is an inevitable facet of globalization. But in fact this is just lazy rhetoric. Far from the movement of people being all of a piece with other aspects of globalization, movements in goods, capital, and ideas are all alternatives to moving people.

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